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COMMUNITY RECEIVING HOME, INC. d/b/a RENAISSANCE

ALEXANDRIA, LOUISIANA

JUNE 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-12-03

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE

JUNE 30, 2003

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Receiving Home, Inc.
d/b/a Renaissance

We have audited the accompanying statement of financial position of Community Receiving Home, Inc., d/b/a Renaissance (a nonprofit organization) as of June 30, 2003, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Receiving Home, Inc. d/b/a Renaissance as of June 30, 2003, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2003, on our consideration of Community Receiving Home, Inc. d/b/a Renaissance's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Payne, Moore & Herrington, LLP

Certified Public Accountants

September 19, 2003

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COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2003

EXHIBIT A

ASSETS

Cash and cash equivalents	\$ 430,250
Accounts receivable	210,470
Accrued interest receivable	398
Dietary inventory	2,592
Investments	19,672
Prepaid expenses	41,254
Property and equipment - net of depreciation	<u>871,159</u>
<u>TOTAL ASSETS</u>	<u>\$ 1,575,795</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 51,987
Deposits held for others	1,534
Payroll taxes and other employee withholdings	6,277
Accrued salaries	29,600
Accrued vacation pay	36,477
Deferred lease income	<u>8,514</u>
Total Liabilities	134,389

NET ASSETS

Unrestricted:	
Undesignated	1,378,809
Designated for public information	13,239
Designated for shelter care	<u>1,233</u>
Total Unrestricted Net Assets	1,393,281
Temporarily restricted	38,125
Permanently restricted	<u>10,000</u>
Total Net Assets	<u>1,441,406</u>

<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 1,575,795</u>
--	----------------------------

The accompanying notes are an integral part of the financial statements.

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2003

EXHIBIT B

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Local government	\$ 973,832	\$	\$	\$ 973,832
State government	806,830			806,830
Grants	38,500	225,609		264,109
Interest	3,760	409		4,169
Subleases	25,312			25,312
Contributions	77	100		177
Miscellaneous	1,846			1,846
Net assets released from restrictions	205,609	(205,609)		-
Total Revenues and Support	<u>2,055,766</u>	<u>20,509</u>	<u>-</u>	<u>2,076,275</u>
EXPENSES				
Accounting and professional services	11,558			11,558
Interest expense	1,093			1,093
Accreditation	2,565			2,565
Advertising	10,763			10,763
Automobile expense	14,051			14,051
Client food and clothing	128,753			128,753
Client supplies and allowances	13,102			13,102
Counseling fees	11,847			11,847
Depreciation	101,237			101,237
Dues and subscriptions	7,642			7,642
Rental expense	21,605			21,605
Group insurance	53,877			53,877
Insurance	103,998			103,998
Maintenance and repairs	34,650			34,650
Medical supplies and fees	15,593			15,593
Office and postage	40,565			40,565
Payroll taxes	91,115			91,115
Retirement	33,122			33,122
Salaries	1,174,674			1,174,674
Telephone	15,352			15,352
Travel, training and seminars	28,191			28,191
Utilities	42,477			42,477
Total Expenses	<u>1,957,830</u>	<u>-</u>	<u>-</u>	<u>1,957,830</u>
CHANGE IN NET ASSETS	97,936	20,509	-	118,445
NET ASSETS, BEGINNING OF YEAR	<u>1,295,345</u>	<u>17,616</u>	<u>10,000</u>	<u>1,322,961</u>
NET ASSETS, END OF YEAR	<u>\$ 1,393,281</u>	<u>\$ 38,125</u>	<u>\$ 10,000</u>	<u>\$ 1,441,406</u>

The accompanying notes are an integral part of the financial statements.

**COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2003**

EXHIBIT C

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 118,445
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	101,237
Changes in operating assets and liabilities:	
Accounts receivable	(31,827)
Dietary inventory	(237)
Prepaid expenses	(10,647)
Accounts payable	13,434
Deposits held for others	(2,386)
Payroll taxes and other employee withholdings	4,243
Accrued salaries	10,226
Accrued vacation pay	6,586
Deferred lease income	(4,063)
NET CASH PROVIDED BY OPERATING ACTIVITIES	205,011

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(175,485)
Maturity of investments	19,300
Purchase of investments	(19,672)
NET CASH USED IN INVESTING ACTIVITIES	(175,857)

CASH FLOWS FROM FINANCING ACTIVITIES

INCREASE IN CASH AND CASH EQUIVALENTS	29,154
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	401,096
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u>\$ 430,250</u>

ADDITIONAL REQUIRED DISCLOSURES:

1. The Organization considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.
2. Interest paid during the year ended June 30, 2003 totaled \$1,093.
3. No income taxes were paid during the year ended June 30, 2003.
4. There were no material noncash investing or financing transactions during the year ended June 30, 2003 that affected recognized assets and liabilities.

The accompanying notes are an integral part of the financial statements.

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Community Receiving Home, Inc., d/b/a Renaissance is a nonprofit corporation located in Alexandria, Louisiana, which provides community based multifunction juvenile justice support intervention. Programs provided include secure detention, home detention, group home rehabilitation, shelter care, and aftercare. The range of children served includes children who may be delinquent, in need of supervision, neglected, and/or abused.

Primary funding is derived from a parish-wide ad valorem tax administered by the Rapides Parish Police Jury and fees received from the State of Louisiana for various youth services.

Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting

The financial statements have been prepared on an accrual basis and in conformity with standards promulgated by the American Institute of Certified Public Accountants, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization prepares its financial statements in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounts Receivable

Accounts receivable are charged to expense when they become uncollectible. In the opinion of management, all receivables were collectible, and an allowance for doubtful accounts was not considered necessary at June 30, 2003.

Dietary Inventory

Dietary inventory is carried at lower of cost or market by use of the first-in, first-out method of accounting.

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

Investments

Investments, which consist of certificates of deposit with maturity dates greater than three months, are stated at cost, which approximates market value.

Property and Equipment

Property and equipment, including improvements thereto, are stated at cost, or if acquired by gift, at the estimated market value on the date of gift or on date of recordation in the books of the Organization. The gifts are recorded as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Deferred Lease Income

Rental payments are received for farmland subleased under an agreement originating in 1993. The payments are received annually for rent through December of each year, with the amount for July through December reflected in the statement of financial position as deferred lease income.

Restricted and Unrestricted Revenue

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Revenue Recognition

The Rapides Parish Policy Jury collects ad valorem taxes early in the calendar year. These taxes are held by the Police Jury and distributed ratably on a monthly basis. Revenue derived from these taxes is recorded on a monthly basis as the Police Jury approves the monthly disbursement.

Donated Materials and Services

Donated materials are reflected as contributions at their estimated value at the date of receipt and are recorded as expenses for current operations. In addition, the Organization receives at no cost certain agricultural commodities from the State of Louisiana. These commodities are recorded as grant revenue based upon a market valuation placed thereon by the Department of Agriculture, Food Distribution Division.

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

Compensated Absences

Vested or accumulated vacation leave is recorded as an expense and liability as the benefits accrue to the employees. In accordance with provisions of Statement of Financial Accounting Standards (SFAS) No. 43, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

Income Taxes

Renaissance is a nonprofit organization exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code and comparable Louisiana law. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Renaissance has been classified as an organization that is not a private foundation under Section 509(a)(2) of the code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

Cash on hand	\$ 600
Noninterest-bearing checking accounts	3,626
Interest-bearing checking and savings accounts	362,802
Certificate of deposit	<u>63,222</u>
	\$ 430,250

3. ACCOUNTS RECEIVABLE

Rapides Parish Police Jury	\$ 75,000
State of Louisiana – Department of Public Safety and Corrections	88,683
State of Louisiana – Department of Social Services	22,003
State of Louisiana – Department of Education –	
Bureau of Food and Nutrition	2,646
Other parishes and municipalities	2,700
Other	<u>19,438</u>
	\$ 210,470

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

4. INVESTMENTS

Investments consisted of a certificate of deposit in a financial institution located in the central Louisiana area. This certificate has a stated interest rate of one and ninety eight hundredths percent (1.98%) per annum and will mature within seven months of the statement of financial position date.

5. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings and improvements:			
Office and detention	\$ 1,129,912	\$ 697,501	\$ 432,411
Group home	155,280	145,568	9,712
Shelter care	310,980	122,289	188,691
School	12,066	1,709	10,357
Furniture and equipment:			
Office	90,665	80,913	9,752
Detention	164,507	97,770	66,737
Group home	80,622	60,240	20,382
Shelter care	74,447	59,308	15,139
Day Treatment	21,251	2,066	19,185
Other	123,975	70,124	53,851
Transportation equipment	110,356	65,414	44,942
	<u>\$ 2,274,061</u>	<u>\$ 1,402,902</u>	<u>\$ 871,159</u>

The depreciation provision for the year ended June 30, 2003 amounted to \$101,237.

6. RESTRICTED NET ASSETS

Temporarily restricted net assets in the amount of \$18,125 are available to be used in the event of an emergency. The Board of Directors has the authority to determine what constitutes an emergency. There were no emergency expenses incurred in the year ended June 30, 2003. There is also \$20,000 in temporarily restricted net assets to be used to construct a covered basketball court at the facility. This project should be accomplished during the year ended June 30, 2004.

Permanently restricted net assets consist of a \$10,000 donation. The donor stipulated permanent endowment of the \$10,000 and restricted the earnings on the endowment to be used in the event of an emergency. The endowment is held in the form of a certificate of deposit in the amount of \$19,672 at year-end, which includes interest earned to date on the donation. The interest earned on the donation totals \$10,150 and is included in temporarily restricted net assets.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors. Purpose restrictions accomplished in the year ended June 30, 2003 were the completion of the detention expansion and other program services totaling \$205,609.

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

7. LEASES AND SUBLEASES

Renaissance leases land and certain buildings from the State of Louisiana, Department of Health and Hospitals under a ninety nine (99) year lease expiring in 2071. Consideration for the lease is the public benefit to be derived from the operations of Renaissance.

Approximately eighty-five percent (85%) of the land area covered under the above lease was subleased on December 18, 1997, at an annual rental of \$25,154. The sublease was amended effective January 1, 2000, with 74.92 acres being removed from the lease dated December 18, 1997 and the annual rental revised to \$9,537. The 74.92 acres was then placed under separate agreement with 16.47 acres under contract for a period of fifty (50) years with an annual minimum lease rental of \$1,647. The balance of 58.45 acres was placed under a five (5) year agreement with an annual minimum lease rental of \$5,845. Under this agreement there was to be an annual subsidy of \$8,126 beginning with the year 2000 through the year 2002.

In 1988, the Organization entered into an agreement with Randolph A. Mansour and Donald A. Mansour to sublease approximately three-fourths (3/4) of an acre of land for thirty (30) years for purpose of constructing a building thereon to be subleased. Under the terms of the sublease, minimum rentals are \$160 per month for a period of sixty (60) months minus the construction period months; \$168 per month beginning January 1, 1994, and during the next sixty (60) months; \$177 per month during the next sixty (60) months; \$185 per month during the next sixty (60) months; \$195 per month during the next sixty (60) months; and \$204 per month during the next sixty (60) months. Upon termination of the subleases, any land improvements will revert to Renaissance.

Total income from subleases totaled \$25,312 for the current fiscal year.

Future minimum rentals for land due under the subleases for the five (5) years ending after June 30, 2003, and in the aggregate are as follows:

2004	\$ 19,201
2005	16,326
2006	13,404
2007	13,404
2008	8,635
Thereafter	<u>93,400</u>
	\$ 164,370

Renaissance entered into a lease of office equipment on January 2, 2002, which expires January 2, 2007.

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
JUNE 30, 2003

NOTES TO FINANCIAL STATEMENTS

Future minimum rental payments due under the lease agreement at June 30, 2003 are as follows.

FYE	
<u>6/30</u>	
2004	\$ 3,714
2005	3,714
2006	3,714
2007	<u>1,857</u>
	\$ 12,999

Rent expense for the year ended June 30, 2003 was \$21,605.

8. RETIREMENT PLAN

Effective January 1, 2000, Renaissance adopted a deferred profit sharing plan covering all employees eligible to participate in the plan. Contributions to the plan are made for the benefit of the employee by the Organization in an amount equal to three percent (3%) of an individual's regular annual salary. Participants shall be permitted to make elective deferrals in any amount from one percent (1%) to ten percent (10%) of their compensation. The Organization will also match up to three percent (3%) of elective deferrals. Contributions to the plan for the year ended June 30, 2003, totaled \$33,122.

9. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Cash in checking and savings accounts and certificates of deposit are deposited with several financial institutions in the Central Louisiana area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. Occasionally during the year ended June 30, 2003 the Organization's bank balance at one financial institution was over \$100,000. Part of this balance was secured from risk by \$100,000 of federal deposit insurance. At June 30, 2003 the Organization's bank balance at any one financial institution did not exceed \$100,000.

10. CONCENTRATIONS OF REVENUES AND SIGNIFICANT FUNDING SOURCES

Renaissance received \$888,000 from the parish-wide ad valorem tax during the year ended June 30, 2003. This tax, which was renewed in 1995 and extended to the year 2004, represented approximately forty-three percent (43%) of the total revenues and support for the current year.

Additionally, Renaissance has a contract with the State of Louisiana Department of Public Safety and Corrections to provide juvenile group home residential treatment that expires December 31, 2003. The Louisiana Department of Public Safety and Corrections awarded a contract with a begin date of January 1, 2003 for a new pilot Day Treatment program. Renaissance also has a contract with the State of Louisiana Department of Social Services to provide Shelter care that expires on December 31, 2003. Amounts received from the State totaled \$806,830 or thirty-nine percent (39%) of the total revenues for the current year.

As of June 30, 2003 the Rapides Parish Police Jury held \$536,898 of ad valorem taxes to be disbursed to Renaissance in accordance with contract terms. This amount is not reflected in the financial statements for the year ended June 30, 2003.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Community Receiving Home, Inc.
d/b/a Renaissance

We have audited the financial statements of Community Receiving Home, Inc., d/b/a Renaissance (a nonprofit organization) as of and for the year ended June 30, 2003, and have issued our report thereon dated September 19, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether Renaissance's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In planning and performing our audit, we considered Renaissance's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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PAYNE, MOORE & HERRINGTON, LLP

Board of Directors
Community Receiving Home, Inc.
d/b/a Renaissance

This report is intended for the information of the board of directors, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Payne, Moore & Herrington, LLP

Certified Public Accountants

September 19, 2003

COMMUNITY RECEIVING HOME, INC.
d/b/a RENAISSANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2003

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weaknesses identified?

_____ yes x no

Reportable conditions identified
that are not considered to be
material weaknesses?

_____ yes x none reported

Noncompliance material to financial
statements noted?

_____ yes x no

Management's Corrective Action Plan

Not applicable

Management's Summary Schedule of Prior Audit Findings

Not applicable

Memorandum of Other Comments and Recommendations

None issued

Federal Awards

Not applicable